

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Peterson Post Office
Peterson, Minnesota 55962

Docket No. A2012-113

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(March 1, 2012)

On January 6, 2012, the Postal Regulatory Commission (Commission) received an appeal from Jennifer M. Wood, Mayor of Peterson, Minnesota, objecting to the discontinuance of the Post Office at Peterson, Minnesota.¹ On January 20, 2012, the Commission issued Order No. 1156, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 1156, the United States Postal Service (Postal Service) filed the administrative record with the Commission on January 4, 2012.

Petitioner raises three principal issues concerning the discontinuance: (1) the impact on the provision of postal services, (2) the impact upon the Peterson community, and (3) the calculation of economic savings expected to result from discontinuing the Peterson Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration.

¹ The Peterson Post Office is part of the Retail Access Optimization Initiative (RAOI); consequently, this discontinuance was conducted pursuant to Handbook PO-101, dated July 2011.

In addition, consistent with the Postal Service's statutory obligations and Commission precedent,² the Postal Service considered a number of other issues, including the impact upon postal employees. Accordingly, the Final Determination to discontinue the Peterson Post Office should be affirmed.

Background

The Final Determination To Close the Peterson, MN Post Office and Extend Service by Rural Route Service (Final Determination or FD),³ as well as the administrative record, indicate that the Peterson Post Office provides EAS-11 level service to 63 P.O. Box customers, and to retail and walk-in customers from 7:30 a.m. to 12:00 p.m. and from 1:00 p.m. to 4:30 p.m. Monday through Friday and from 9:00 a.m. to 11:00 a.m. on Saturday. No carrier delivery route customers are served by routes emanating from this office.⁴ The postmaster of the Peterson Post Office was reassigned on June 24, 2008. Since then a PMR (Postmaster Relief) has been assigned to the unit. When the study was conducted, the PMR was still serving as the Officer-in-Charge (OIC). If the Final Determination to discontinue the Peterson Post Office is affirmed, the PMR may be separated from the Postal Service.⁵

The revenue trend at the Peterson Post Office is low and has fluctuated: from \$33,259 in FY 2007 it rose to \$39,776 in FY 2008, then decreased to

² See 39 U.S.C. §404(d)(2)(A).

³ The Final Determination can be found at Item 35 in the Administrative Record. All citations to the Final Determination will be to "FD at ____," rather than to the item number. The FD page number refers to the pages as marked on the upper right of the FD. Other items in the administrative record are referred to as "Item ____."

⁴ FD at 2; Item No. 17, Proposal, at 2-3.

⁵ FD at 8; Item No. 17, Proposal, at 2.

\$23,320 in FY 2009 and \$22,883 in FY 2010.⁶ Upon implementation of the Final Determination, service will be provided via rural route carrier delivery (which also provides retail service) emanating from the Rushford Post Office,⁷ an EAS-16 level office located 4.2 miles away.⁸ The Rushford Post office also offers retail service, with window hours from 9:00 a.m. to 12:30 p.m. and from 1:30 p.m. to 4:00 p.m. Monday through Friday, and between 10:00 a.m. and 11:45 a.m. on Saturday. This service will continue upon implementation of the Final Determination.⁹

The Postal Service followed proper procedures that led to the posting of the Final Determination. Issues raised by the customers of the Peterson Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements.¹⁰

In addition to the posting of the Proposal and Final Determination at both the Peterson and Rushford Post Offices, customers received notice through other means. Questionnaires were distributed to all P.O. Box customers of the Peterson Post Office and were also available over the counter at the Peterson Post Office for retail customers.¹¹ Questionnaires were accompanied by a letter

⁶ FD at 2.

⁷ The Rushford Post Office is not listed as a candidate for discontinuance as part of the Retail Access Optimization Initiative (PRC Docket No. N2011-1).

⁸ FD at 2.

⁹ FD at 2.

¹⁰ The Proposal and Invitation for Comments were each posted at the Peterson Post Office and the Rushford Post Office between August 15, 2011 and October 17, 2011. Item No. 23, Round Date Stamped Proposal and invitations for Comments from Affected Offices, at 1-4. The Final Determination was posted at both post offices on December 7, 2011. Item No. 36, Round Date Stamped Final Determination, at 1 and 2.

¹¹ FD at 2. Notice by these methods complies with all regulations in 39 C.F.R. Pt. 241.3

from the Manager, Post Office Operations, Dave Krage, which advised customers that the Postal Service was evaluating whether the continued operation of the Peterson Post Office was warranted, and whether effective and regular service could be provided through rural route delivery emanating from the Rushford Post Office (and any other convenient location). Retail services would continue to be available at the Rushford Post Office, as well as from the Postal Service website, and non-city (which includes rural) delivery carriers, with stamps available through stamp consignment locations, and stamps by Mail, Fax or Phone. P.O. Boxes would also be available at the Rushford Post Office.¹² The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural delivery service and retail services from Rushford.¹³ The Postal Service distributed 336 questionnaires to P.O. Box and retail customers. Ninety-two customers returned questionnaires.¹⁴ The Postal Service characterized 12 as favorable, 16 as unfavorable, and 64 as expressing no

and procedures specified in Handbook PO-101.

¹² Item 10, Letter to Customer, at 1. There are 239 P.O. Boxes available at the Rushford Post Office. FD at 2.

¹³ Item No. 10, Cover Letter, Questionnaires and Enclosures, at 1.

¹⁴ The numbering in the Index sheet of the administrative record does not in all cases reflect the number stamped on the documents. For example, Returned Questionnaires and Postal Service Response Letters are listed as Item No. 20 in the index, but they are stamped as Item No. 22. For purposes of these comments, the Postal Service will refer to the Item and page number stamped on the documents.

opinion.¹⁵ The Postal Service considered their concerns and addressed them, both in written response letters and in the Final Determination.¹⁶

Representatives from the Postal Service were available during a community meeting on July 13, 2011 to answer questions and provide information to customers; 28 customers attended.¹⁷ At the meeting the Postal Service responded to customer questions and concerns.¹⁸

On July 26, 2011 the Postal Service also received a petition from Gail Barnard-Boyum, a Peterson City Councilperson, containing 97 signatures. The petition expressed a concern that closing of the Peterson Post Office would have a detrimental effect on the Peterson business community.¹⁹ The Postal Service addressed and responded to the concerns expressed in the letter and the petition.²⁰

Customers received formal notice of the Proposal, which was posted with an invitation for public comment at the Peterson and Rushford Post Offices for 60 days from August 15 2011 to October 17, 2011.²¹

¹⁵ Item No. 22, Returned Customer Questionnaires and Postal Service Letters; Item No. 21, Analysis of Questionnaires, at 1-4.

¹⁶ FD at 2-7; Item No. 22, Returned Customer Questionnaires and Postal Service Letters.

¹⁷ Item No. 11, Community Meeting Roster, at 1-3.

¹⁸ Item No. 22, Community Meeting Analysis, at 1-2.

¹⁹ FD at 2; Item No. 27, Petition and Postal Service Response Letter, at 2-13.

²⁰ Item No. 27, Petition and Postal Service Response Letter, at 1.

²¹ FD at 2; Item No. 23, Round Date Stamped Proposal and Invitation for Comments from Affected Offices, at 1-4.

The Final Determination was posted at the Peterson Post Office and at the Rushford Post Office on December 8, 2011, as confirmed by the round date stamped Final Determination.²²

In light of the postmaster vacancy; low revenue; the variety of delivery and retail options (including the convenience of rural route delivery and its retail service);²³ minimal impact upon the community;²⁴ and the expected financial savings,²⁵ the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Peterson community in a cost-effective manner upon implementation of the Final Determination.

The issues raised by the Petitioners are addressed below.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Peterson Post Office on postal services provided to Peterson customers. The closing is premised upon providing regular and effective postal services to Peterson customers. The Postal Service has considered the impact of closing the Peterson Post Office upon the provision of postal services to Peterson customers.²⁶

Upon implementation of the Final Determination, delivery and retail services will be provided by rural delivery service emanating from the Rushford

²² Item No 36, Round Dated Stamped Final Determination Cover Sheets.

²³ FD at 2-6.

²⁴ FD at 6-7.

²⁵ FD at 8.

²⁶ FD at 2-6; Item No. 17, Proposal, at 2.

Post Office. In addition to rural route delivery service, customers may also access postal services at the Rushford Post Office, located 4.2 miles away.²⁷ Customers can also visit any other Post Office proximate to their employment or other activities to complete postal transactions.

Petitioner and other customers raise the issue of the effect on postal services of the Peterson Post Office closing, noting the convenience of the Peterson Post Office and requesting its retention. They contend that service through the Rushford Post Office will not provide a maximum degree of effective postal services because: (1) customers should not have to travel 4.2 miles to Rushford, thereby consuming time and money on gas to access services; (2) senior citizens and persons with disabilities may be inconvenienced by having to travel to Rushford (3) rural delivery service is not secure against theft; and (4) postal employees at Rushford are rude. These concerns were considered by the Postal Service and are addressed below.

Petitioner questions whether they would need to travel to Rushford for most of their services. With the exception of P.O. Box customers, the choice of Rushford over another Post Office does not have a large impact. Customers will be accorded the option to receive rural delivery service at their residences and businesses. Of course, to access retail service for which a customer wants or

²⁷ In responses to the questionnaires, many customers indicated that they pass through Rushford on a daily basis, often passing by the Rushford Post Office, or they pass another Post Office. See, Item No. 22, Returned Customer Questionnaires and Postal Service Response Letters, at 1, 2, 5, 7, 14, 16, 20, 21, 29, 30, 32, 33, 36, 37, 39, 40, 42, 53, 58, 60, 62, 64, 83, 88, 91 94. Only one customer stated that travel to Rushford would be inconvenient. *Id.*, at 48.

needs to visit a Post Office, Peterson customers can choose to conduct business at any Post Office convenient for their normal routines; they are not limited to Rushford.²⁸

Moreover, as explained throughout the administrative record, the carrier can perform many functions at the same time that the carrier delivers the mail, thus avoiding for most transactions any need to go to a Post Office. The Postal Service offers various convenient options that can save customers a trip to the Post Office or having to interact directly with a carrier. Stamps by Mail and Money Order Application forms are available for customer convenience. Special services such as certified mail, and requests that mail be held, will be available from the carrier.

Petitioner and some customers also expressed concern for senior citizens and residents unable to drive to nearby communities. The record explains, however, that carrier service is beneficial to many senior citizens and those who face special challenges because they do not have to travel to the Post Office for service. When packages do not fit in the customers' mail box, the carrier will deliver the package up to ½ mile off the line of travel, at a designated place, such as the customer's porch or under carport. In hardship cases, delivery can be made to the home of a customer.²⁹ Special provisions are made, on request, for

²⁸ FD at 2-7; Item No. 22, Completed Customer Questionnaires and Postal Service Response letters, at 7, 22, 23, 57, 71, 93, 98.

²⁹ FD at 4; Item No. 22, Completed Customer Questionnaires and Postal Service Responses, at 25, 66 and 70.

hardship cases or special customer needs.³⁰

The Postal Service also addressed customer concerns about heightened potential for theft of mail from roadside delivery receptacles. The administrative record reflects one instance of vandalism.³¹ The Postal Service explained that customers can mitigate the risk of theft by installing locks. A carrier can deliver mail through the slot on a locked receptacle, but a key is required to open and take delivery of mailed deposited inside.

In questionnaire responses, some customers raised the issue of rude postal employees at the Rushford Post office. Employee courtesy is always a concern of postal managers. Postal employees receive periodic instructions regarding employee courtesy. The Postal Service does not condone its employees performing their duties in an unprofessional or discourteous manner.

Thus, the Postal Service properly concluded that Peterson customers will continue to receive regular and effective service via rural carrier delivery service delivery emanating from the Rushford Post office.

Effect upon the Peterson Community

The Postal Service is obligated to consider the effect of its decision to close the Peterson Post Office upon the Peterson community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs

³⁰ FD at 2-6; Item No. 22, Returned Customer Questionnaires and Postal Service Response Letters, at 47, 48, 68, 90, 93.

³¹ Item No. 5, Inspection Service/Local Law Enforcement Reports, at 1-2; The Postal Service Inspection Service reported no incidents. The Fillmore County Sheriff's Office reported that a van had run into a collection box and damaged it; no mail was lost.

often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Peterson is an incorporated community located in Fillmore County. The community is administered politically by Peterson City Council. The Fillmore County Sheriff's Office provides police protection. Fire protection is provided by the Rushford Fire Department. The Rushford-Peterson Middle School is in the Peterson service area.³² While there are businesses in the town, the questionnaires completed by Peterson customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Peterson travel elsewhere for other supplies and services.³³

Communities generally require regular and effective postal services and these will continue to be provided to the Peterson community. Rural delivery service operated out of the Rushford Post Office is expected to be able to handle mail delivery to Peterson. In addition, the Postal Service has concluded that postal services provided by the Peterson Post Office can be provided by the Rushford Post Office. Government forms sometimes provided by the Post Office are also available by contacting local government agencies.³⁴

Moreover, as the Postal Service explained, a community's identity derives from the interest and vitality of its residents and their use of its name; the Postal

³² FD at 7; Item No. 6, Postal Form 4920.

³³ FD at 7; Item No. 22, Completed Customer Questionnaires and Postal Response Letters.

³⁴ FD at 7.

Service addressed this concern by continuing the use of the Peterson name and current ZIP Code in mail addresses.³⁵

Petitioner is concerned about the effect of closing the Peterson Post Office on local businesses, specifically Marine Credit Union. Most businesses do not depend on the location of a Post Office, but on the provision of regular and effective postal services.³⁶ The Postal Service concluded that rural carrier service plus the full range of alternatives for access to retail services are adequate to support the existing business community and any future growth. Customer responses to questionnaires sent to Peterson customers revealed that customers will continue to use local businesses if the Post Office closes.³⁷

In sum, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Peterson Post Office on the community served by the Peterson Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimated ten year savings of \$533,427.³⁸ Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record and consistent with

³⁵ FD at 2.

³⁶ FD at 7.

³⁷ FD, at 7; Item No. 22, Customer Completed Questionnaires and Postal Service Response Letters.

³⁸ FD at 8; Item No. 17, Proposal, at 3; Item No. 8, Financial Workbook.

the mandate in 39 U.S.C. §404(d)(2)(A)(iv).³⁹

Petitioner does not cite any error or challenge the methodology employed by the Postal Service in calculating the ten-year savings. Rather, Petitioner asserts that closing the Peterson Post Office will not save the Postal Service money in the long run. This is another way of saying that the savings achieved by closing The Peterson Post Office would not affect the Postal Service's entire operational budget. While this may seem insignificant to Petitioner, it is significant to the overall cost reduction focus of the Postal Service. The Postal Service is looking at all opportunities to operate efficiently and provide effective and regular service. The savings from any given initiative may seem small, these savings can make a difference when added together.

The Postal Service's estimates are supported by record evidence and are in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The former Postmaster was reassigned on June 24, 2008. A PMR was installed as the temporary officer-in-charge (OIC). During the conduct of the

³⁹ Calculation of the economic impact of closing the Peterson Post Office in this case reflects improvements recommended by the Commission in SBOC (PRC Docket No. N2009-1.). The new approach was developed in concert with Postal Service officials, who recommended the focus on impact over ten years.

discontinuance study, the PMR has continued as the OIC and may be separated from the Postal Service. The record shows that no other employee would be adversely affected by this closing.

Therefore, in making its determination, the Postal Service considered the effect of closing on employees at the Peterson Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Peterson Post Office on the provision of postal services and on the Peterson community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Peterson customers. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Peterson Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Peterson Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business & Service
Development

Robert J. Sciaroni

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-3077; Fax -5329
robert.j.sciaroni@usps.gov
March 1, 2012